

**REPORT OF THE AUDIT OF THE  
CARLISLE COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2003**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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**EXECUTIVE SUMMARY**

**AUDIT EXAMINATION OF THE**  
**CARLISLE COUNTY FISCAL COURT**

**For The Fiscal Year Ended**  
**June 30, 2003**

The Auditor of Public Accounts has completed the Carlisle County Fiscal Court audit for fiscal year ended June 30, 2003. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

**Financial Condition:**

Cash balances increased by \$118,028 from the beginning of the year, resulting in a cash surplus of \$864,488 as of June 30, 2003.

**Debt Obligations:**

Note payable principal totaled \$10,000 as of June 30, 2003 for the Industrial Development Authority Fund. Future principal and interest payments of \$14,408 are needed to meet this obligation.

**Deposits:**

The fiscal court's deposits were insured and collateralized by bank securities or bonds.



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**CRIT LUALLEN**  
**Auditor of Public Accounts**

To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable John Roberts, Carlisle County Judge/Executive  
Members of the Carlisle County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and equity arising from cash transactions of Carlisle County, Kentucky, as of June 30, 2003, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Carlisle County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Carlisle County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity of Carlisle County, Kentucky, as of June 30, 2003, and its receipts and disbursements for the year then ended, in conformity with the modified cash basis of accounting.



To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable John Roberts, Carlisle County Judge/Executive  
Members of the Carlisle County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated October 9, 2003 on our consideration of Carlisle County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Carlisle County, Kentucky. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", written in a cursive style.

Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
October 9, 2003



CARLISLE COUNTY OFFICIALS

For The Fiscal Year Ended June 30, 2003

**Fiscal Court Members:**

John Roberts	County Judge/Executive
Burley Mathis	Magistrate
James McPherson	Magistrate
Lloyd Presson	Magistrate

**Other Elected Officials:**

Michael Hogancamp	County Attorney
Rocky James	Jailer
Theresa Owens	County Clerk
Kevin Hoskins	Circuit Court Clerk
Steve McChristian	Sheriff
Larry Scott	Property Valuation Administrator
Wayne Floyd	Coroner

**Appointed Personnel:**

Nancy Dishmon	County Treasurer
Gail Teasley	Finance Officer

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STATEMENT OF ASSETS, LIABILITIES,  
AND EQUITY ARISING FROM CASH TRANSACTIONS



CARLISLE COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND EQUITY ARISING FROM CASH TRANSACTIONS

June 30, 2003

	<u>Governmental Fund Types</u>		<u>Totals</u> <u>(Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<u>Assets</u>			
Cash and Cash Equivalents	\$ 633,141	\$ 237,446	\$ 870,587
Total Assets	<u>\$ 633,141</u>	<u>\$ 237,446</u>	<u>\$ 870,587</u>
<u>Liabilities and Equity</u>			
<u>Liabilities</u>			
Payroll Liabilities	\$ 6,099	\$	\$ 6,099
Note Payable (Note 4)	<u>10,000</u>		<u>10,000</u>
Total Liabilities	<u>\$ 16,099</u>	<u>\$ 0</u>	<u>\$ 16,099</u>
<u>Equity</u>			
Fund Balances:			
Reserved	\$	\$ 67,534	\$ 67,534
Unreserved	<u>617,042</u>	<u>169,912</u>	<u>786,954</u>
Total Equity	<u>\$ 617,042</u>	<u>\$ 237,446</u>	<u>\$ 854,488</u>
Total Liabilities and Equity	<u>\$ 633,141</u>	<u>\$ 237,446</u>	<u>\$ 870,587</u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

CARLISLE COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

For The Fiscal Year Ended June 30, 2003

	General Fund Types			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 2,561,013	\$ 359,391	\$ 851,211	\$ 51,599
Other Financing Sources:				
Transfers In	274,005	174,755		58,600
Total Cash Receipts	<u>\$ 2,835,018</u>	<u>\$ 534,146</u>	<u>\$ 851,211</u>	<u>\$ 110,199</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 2,434,811	\$ 430,062	\$ 716,503	\$ 106,530
Other Financing Uses:				
Transfers Out	274,005	81,250	177,755	
Capital Lease-				
Principal Paid	970	970		
Note Payable-				
Principal Paid	5,000			
Interest Paid	2,204			
Total Cash Disbursements	<u>\$ 2,716,990</u>	<u>\$ 512,282</u>	<u>\$ 894,258</u>	<u>\$ 106,530</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 118,028	\$ 21,864	\$ (43,047)	\$ 3,669
Cash Balance - July 1, 2002	<u>746,460</u>	<u>17,571</u>	<u>371,187</u>	<u>1,329</u>
Cash Balance - June 30, 2003	<u><u>\$ 864,488</u></u>	<u><u>\$ 39,435</u></u>	<u><u>\$ 328,140</u></u>	<u><u>\$ 4,998</u></u>

The accompanying notes are an integral part of the financial statements.



The accompanying notes are an integral part of the financial statements.

CARLISLE COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 2003

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Carlisle County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Industrial Development Authority as part of the reporting entity.

Industrial Development Authority

The fiscal court has included the Industrial Development Authority as part of its reporting entity because the court appoints a voting majority of the governing board and can impose its will to significantly influence the activities of the authority. The financial statements of the Industrial Development Authority are blended with those of the county.

Additional - Carlisle County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Carlisle County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Carlisle County Fiscal Court's fund types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Carlisle County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund, and the Industrial Development Authority Fund.

CARLISLE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Carlisle County Special Revenue Fund Type includes the following county funds: Disaster and Emergency Services Fund, Ambulance Fund, 911 Fund, and Housing Fund.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Long-term receivables, long-term obligations and amount to be provided in future years to retire debt are recorded in the financial statements. The amount to be provided in future years to retire debt is offset by any cash or cash equivalents held by the county in a bond or debt service fund.

The State Local Finance Officer does not require the county to maintain a general fixed assets group of accounts; therefore, the value of the county's fixed assets is not included in the financial statements. These fixed assets include buildings, equipment and land that are owned by the county.

D. Legal Compliance - Budget

The Carlisle County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

A formal budget is not adopted for the Industrial Development Authority Fund. The Department for Local Government does not require this fund to be budgeted.

CARLISLE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Cash and Cash Equivalents

Cash includes amounts in bank accounts and cash equivalents include certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the Carlisle County Cooperative Extension Service is considered a related organization of Carlisle County Fiscal Court.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.34 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report.

CARLISLE COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2003  
 (Continued)

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2003, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Note Payable

The Industrial Development Authority purchased land from Jack and Mary Boswell, in the amount of \$50,000, for economic development. The initial payment of \$5,000 was paid on May 9, 1996, and the remaining balance of \$45,000 was set up in a promissory note where a payment of \$7,204 was to be paid to the Boswells each April. Payments of principal and interest are as follows:

Fiscal Year Ended June 30	Scheduled Principal and Interest
2004	\$ 7,204
2005	7,204
Totals	<u>\$ 14,408</u>

Note 5. Insurance

For the fiscal year ended June 30, 2003, Carlisle County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

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COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE





CARLISLE COUNTY  
COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

For The Fiscal Year Ended June 30, 2003

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Types</u>			
General Fund	\$ 351,591	\$ 359,391	\$ 7,800
Road and Bridge Fund	1,018,098	851,211	(166,887)
Jail Fund	78,450	51,599	(26,851)
Local Government Economic Assistance Fund	3,400	3,067	(333)
<u>Special Revenue Fund Types</u>			
Disaster and Emergency Services Fund	14,687	16,385	1,698
Ambulance Fund	192,645	214,450	21,805
911 Fund	114,479	100,549	(13,930)
Housing Fund	1,000,000	957,719	(42,281)
Totals	<u>\$ 2,773,350</u>	<u>\$ 2,554,371</u>	<u>\$ (218,979)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 2,773,350
Add: Budgeted Prior Year Surplus			558,152
Less: Other Financing Uses			<u>(970)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 3,330,532</u>

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SCHEDULE OF OPERATING REVENUE



CARLISLE COUNTY  
SCHEDULE OF OPERATING REVENUE

For The Fiscal Year Ended June 30, 2003

<u>Revenue Categories</u>	<u>GOVERNMENTAL FUND TYPES</u>		
	Totals (Memorandum Only)	General Fund Types	Special Revenue Fund Types
Taxes	\$ 433,871	\$ 244,973	\$ 188,898
In Lieu Tax Payments	12,360	12,360	
Licenses and Permits	1,717	1,717	
Intergovernmental Revenues	1,963,095	966,157	996,938
Charges for Services	103,231	5,453	97,778
Miscellaneous Revenues	18,143	15,057	3,086
Interest Earned	28,596	26,193	2,403
Total Operating Revenue	<u>\$ 2,561,013</u>	<u>\$ 1,271,910</u>	<u>\$ 1,289,103</u>

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COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES





CARLISLE COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

For The Fiscal Year Ended June 30, 2003

Expenditure Categories	GENERAL FUND TYPES		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 383,198	\$ 362,859	\$ 20,339
Protection to Persons and Property	114,733	106,456	8,277
General Health and Sanitation	1,949	1,949	
Social Services	263		263
Recreation and Culture	1,202	1,132	70
Roads	823,238	591,138	232,100
Debt Service	6	6	
Capital Projects	106,578	66,578	40,000
Administration	446,727	130,599	316,128
Total Operating Budget - General Fund Types	\$ 1,877,894	\$ 1,260,717	\$ 617,177
Other Financing Uses:			
Capital Lease Agreement- Principal on Lease	970	970	
TOTAL BUDGET - GENERAL FUND TYPES	<u>\$ 1,878,864</u>	<u>\$ 1,261,687</u>	<u>\$ 617,177</u>

Expenditure Categories	SPECIAL REVENUE FUND TYPES		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
Protection to Persons and Property	\$ 322,302	\$ 265,409	\$ 56,893
Capital Projects	1,000,000	892,661	107,339
Administration	130,336	16,024	114,312
TOTAL BUDGET - SPECIAL REVENUE FUND TYPES	<u>\$ 1,452,638</u>	<u>\$ 1,174,094</u>	<u>\$ 278,544</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





**CRIT LUALLEN**  
**Auditor of Public Accounts**

To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable John Roberts, Carlisle County Judge/Executive  
Members of the Carlisle County Fiscal Court

**Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of Carlisle County, Kentucky, as of and for the year ended June 30, 2003, and have issued our report thereon dated October 9, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Carlisle County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Carlisle County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.



Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully submitted,

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Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
October 9, 2003

REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133







**CRIT LUALLEN**  
**Auditor of Public Accounts**

To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
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Members of the Carlisle County Fiscal Court

**Report On Compliance With Requirements  
Applicable To Each Major Program And On Internal Control  
Over Compliance In Accordance With OMB Circular A-133**

Compliance

We have audited the compliance of Carlisle County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2003. Carlisle County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Carlisle County's management. Our responsibility is to express an opinion on Carlisle County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Carlisle County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Carlisle County's compliance with those requirements.

In our opinion, Carlisle County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.



Report On Compliance With Requirements  
Applicable To Each Major Program And On Internal Control  
Over Compliance In Accordance With OMB Circular A-133  
(Continued)

Internal Control Over Compliance

The management of Carlisle County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Carlisle County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Crit Luallen', with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
October 9, 2003

## FINDINGS AND QUESTIONED COSTS



CARLISLE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Fiscal Year Ended June 30, 2003

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Carlisle County.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Carlisle County were disclosed during the audit.
4. No reportable conditions disclosed during the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal awards programs for Carlisle County expresses an unqualified opinion.
6. No audit findings relative to the major federal awards programs for Carlisle County are reported in Part C of this schedule.
7. The program tested as a major program was: Carlisle County Scattered Site Housing Project - Community Development Block Grant - CFDA#14.228.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Carlisle County was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

None.

NONCOMPLIANCES

None.

PRIOR YEAR FINDINGS FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM  
AUDIT

None.

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS





CARLISLE COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Fiscal Year Ended June 30, 2003

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
U.S. Department of Housing and <u>Urban Development</u> Passed-Through State Department for Local Government: Community Development Block Grants/State's Program-State Administered Small Cities Program (CFDA #14.228)	B-00-DC-21-001(0047)	\$ 626,816
Kentucky Housing HOME Program (CFDA #14.239)	M00-SG210188-00	<u>265,846</u>
Total U.S. Department of Housing and Urban Development		<u>\$ 892,662</u>
U.S. Department of Justice Passed-Through State Justice Cabinet: Public Safety Partnership and Community Policing Grant (CFDA #16.710)	96-UMWX0084	\$ 12,545
Public Safety Partnership and Community Policing Grant (CFDA #16.710)	01-SHWX0295	<u>29,656</u>
Total U. S. Department of Justice		<u>\$ 42,201</u>
U. S. Federal Emergency Management Agency Passed-Through State Department of Military Affairs: Disaster and Emergency Assistance Grant- Coordinator Salary (CFDA #83.503)	N/A	<u>\$ 8,239</u>
Total U.S. Federal Emergency Management Agency		<u>\$ 8,239</u>
Total Cash Expenditures of Federal Awards		<u><u>\$ 943,102</u></u>

CARLISLE COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Fiscal Year Ended June 30, 2003

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Carlisle County, Kentucky and is presented on the modified cash basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local, Governments, and Non-Profit Organizations.

## SUMMARY OF PRIOR AUDIT FINDINGS



CARLISLE COUNTY  
SUMMARY OF PRIOR AUDIT FINDINGS

For The Fiscal Year Ended June 30, 2003

2002 - 01 Internal Control Over Federal Expenditures Should Be Improved

The above finding has been corrected and is not included in the current audit report.

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CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

CARLISLE COUNTY FISCAL COURT

For The Fiscal Year Ended  
June 30, 2003

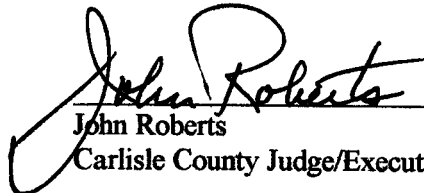


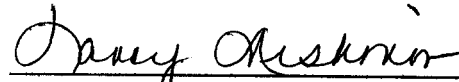


**CERTIFICATION OF COMPLIANCE**  
**LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**  
**CARLISLE COUNTY FISCAL COURT**

For The Fiscal Year Ended June 30, 2003

The Carlisle County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

  
\_\_\_\_\_  
John Roberts  
Carlisle County Judge/Executive

  
\_\_\_\_\_  
Nancy Dishmon  
Carlisle County Treasurer



